

Message Text

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42

ACTION EB-07

INFO OCT-01 NEA-09 ISO-00 SS-15 SP-02 L-02 STR-01 CIAE-00

INR-07 NSAE-00 RSC-01 NSC-05 /050 W

----- 078202

R 290730Z JAN 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 1787

INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: BEXP, AG

SUBJ: DOING BUSINESS IN ALGERIA - AGENTS

1. THIS EMBASSY HAS BEEN ASKED FREQUENTLY BY AMERICAN COMPANIES FOR ITS OPINION ON THE USEFULNESS OF HAVING AN ALGERIAN AGENT TO FACILITATE LOCAL CONTACTS AND OBTAINING OF CONTRACTS. QUESTION IS VERY VALID AND DIFFICULT TO ANSWER.

2. ALGERIAN MARKET IS HARD TO CRACK OR EVEN COMPREHEND, SO AN AGENT IS USEFUL. ALSO ALGERIAN MARKET IS VERY HIERARCHICAL, I.E., DECISIONS ARE ALL MADE BY SENIOR OFFICIALS, SO A FRIEND IN HIGH PLACES COULD BE VERY USEFUL. IN RECENT PAST SOME COMPANIES HAVE USED SERIES OF MIDDLEMEN, AND HAVE BEEN QUITE SATISFIED WITH RESULTS. THEY HAVE ALSO HAD TO PAY FOR SERVICES RENDERED, HOWEVER, AND THIS RAISES SERIOUS QUESTIONS SINCE IN AT LEAST ONE CASE A MIDDLEMAN HAS PERSONAL INFLUENCE OR CONTACTS TO STEER CONTRACT TO HIS CLIENT AND IN AT LEAST SOME INSTANCES A PAYOFF HAS BEEN INVOLVED. THIS MAY BE NORMAL BUSINESS PRACTICE IN MANY ECES, BUT IT IS NOT SUPPOSED TO BE HERE.

3. GOVERNMENT OF ALGERIA TAKES SEVERE AND PURITANICAL
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VIEW OF SUCH MATTERS. AGENTS, MIDDLEMEN OR COMMISSIONS

ARE PROHIBITED BY LAW. SOME MINISTERS WILL DEAL ONLY WITH HOME OFFICES, LEGAL SUBSIDIARIES OR LOCAL OFFICES USING COMPANY LETTERHEAD PAPER. ALGERIANS IN GENERAL ARE VERY SENSITIVE TO THE USE OF MIDDLEMEN, WHOM THEY CONSIDER AN EXPENSIVE GIMMICK OF THE CAPITALIST SYSTEM. PEOPLE WHO ACCEPT BRIBES ARE SEVERELY DEALT WITH BY PRISON SENTENCES. DUE TO THE SMALLNESS OF THE RULING ELITE, VERY LITTLE GOES ON IN THIS COUNTRY THAT IS NOT KNOWN. THEREFORE ONE MUST ASSUME THE PURCHASE OF INFLUENCE IS KNOWN, OR MAY BECOME KNOWN, AND MAY BE PUNISHED AT THE WILL OF THE GOVERNMENT. A FIRM WHICH HAS PAID AN AGENT'S FEE COULD THEREFORE FIND ITS POSITION COMPROMISED AND BE OUT OF BUSINESS IN ALGERIA.

4. ON A HIGHER LEVEL, BRIBERY MAY HURT ALGERIAN/US RELATIONS AND IS A WASTE OF SCARCE ALGERIAN RESOURCES.

5. GIVEN THESE CONSIDERATIONS THE EMBASSY IS NOT ONLY TAKING THE POSITION ON REQUESTS FOR ADVICE IN THIS GREY AREA THAT IT CAN HAVE NOTHING TO DO WITH ANY SUCH APPROACH, BUT IS ALSO ACTIVELY COUNSELING AMERICAN BUSINESSMEN AGAINST TRYING TO BUY INFLUENCE HERE. ADMITTEDLY THERE ARE EXAMPLES OF SUCCESSFUL CONTACT MEN, BUT IN OUR OPINION IT IS TOO RISKY. WE APPROVE OF THE ANSWER GIVEN BY AN EMINENT AND SUCCESSFUL ALGERIAN LAWYER WHO SAID, "EARN YOUR FIRST CONTRACT ON YOUR OWN ECONOMIC OR TECHNICAL MERITS, WORK IN ALGERIA FOR A WHILE, THEN DECIDE FOR YOURSELF WHAT TO DO."

6. THE ABOVE ANSWER SHOULD NOT BE CONFUSED WITH THE NEED FOR LOCAL REPRESENTATION IN ALGERIA TO SERVICE GOODS SOLD IN ALGERIA AND/OR TO LOOK OUT FOR TRADE OPPORTUNITIES IN A SPECIFIC AREA. UNFORTUNATELY SUCH AGENTS ARE HARD TO FIND. PARKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ALGIER00275
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750032-1014
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750112/aaaaakem.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2003 by ShawDG>; APPROVED <24 NOV 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DOING BUSINESS IN ALGERIA - AGENTS
TAGS: BEXP, AG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006